(4) Retrenchment and reform were absolutely necessary in the following cases :—

(*a*) *Police.* The office of Circle Inspectors should, if possible, be altogether done away with, or at least their number should be considerably reduced and the resulting saving should be made use of for raising the pay of the constables.

(*b*) *P. W. D.* The number of Executive and Assistant Engineers in the department was too many for the State and admitted of a substantial reduction. The policy of importing Europeans for service in the department in preference to Travancoreans or Indians was highly injurious and should be discouraged as far as possible. And lastly, proper supervision should be exercised over the expenditure of the department and that would be possible only by the appointment of a competent and professional officer in the General and Revenue Secretariat.

(*c*) *Forest.* In order to increase the revenue of the department, the Member suggested the adoption of the following measures:—

(i) the felling and removal of trees should be entirely given out on contract;

(ii) the sale of timber should be conducted at proper times instead of hurriedly disposing of the stock at the fag end of the financial year ;

(iii) minor produce should be collected entirely by the department; and

(iv) the export duty on timber should be re-imposed at the expiry of the present period of exemption, as its abolition had done no good to the department, although it had appreciably affected the customs revenue of the State.

(5) The Member also submitted the following proposals for the conservation and development of the resources of the State :—

(*a*) the extension of cultivation by throwing open such portions of the reserved forests as were not likely to be of use to the Forest Department ;

(*b*) the development of the fishing industry in the State ; and

(*c*) the exploitation by the Government of the mineral resources of the State.

(6) Lastly, the Member suggested the appointment of a Committee to go into the whole question of financial administration and to formulate measures for retrenchment and reform in the various departments of the State. The proposed Committee, he added, should be composed of officials as well as non-officials.

Dewan's reply.—Noted.

2. The need for a better policy in the administration of the State finances.

Mr. N. Padmanabha Pillai (Member, Karunagapalli taluk) considered at the outset the present condition of the finances of the State. He pointed out that, in 1089, the State had incurred a deficit of two lacs of rupees and that that deficit would admittedly rise to over 21 lacs at the close of 1090. In his opinion, under existing conditions, additional expenditure would have to be inevitably incurred in the future for the following reasons:—

(1) The cumulative effect of all the departmental re-organisations would be felt only after the scales of pay therein sanctioned attained the maxima.

(2) Throughout the State, there were only 2,511 miles of metalled roads and 1,734 miles of village roads maintained by the P. W. D. Communications in the several taluks of the State were still in a backward condition and they must necessarily be improved in the near future.

(3) Irrigation facilities had been given by the Government only to the taluks of South Travancore and Shencotta and such facilities would have to be given to other parts of the State as well.

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(4) Want of schools to accommodate all the school-going children of the State was the cry of the hour and the demand must of necessity be supplied promptly and generously. The educational budget, instead of stopping at the high figure to which it had reached, was bound to increase still further from year to year.

The Member observed that, when the State expenditure thus showed prospects of a steady increase, the Government had to see if its revenue admitted of a proportionate expansion. He was of opinion that, in the circumstances of the country, the revenue could not increase except by the imposition of additional taxation or by tapping fresh sources of income at great initial outlay. There was every possibility of a fall in the revenue under excise, *puduval tharavila*, etc. It was therefore imperative that the Government should realise their financial situation and devise means and ways to avert a possible financial crisis in the near future.

The Member next proceeded to consider the defects in the policy adopted by the Government in the matter of augmenting their sources of revenue. The defects were the following:—

(1) The Government did not increase the sources of permanent revenue, but only cared for temporary accretions to their income.

(2) In their attempt to increase the revenue, the Government did not consider the hardship that might accrue to the people thereby.

(3) There was no equitable distribution of State burden on all classes of people alike.

The changes suggested by the Member with a view to augment the existing sources of revenue were :—

(1) The sources of forest revenue should be developed and the forests made to yield a larger income than at present. He considered that the forest administration was far from satisfactory. The forest revenue exhibited but slight variations in the years 1085, 1086 and 1087. Since then, the expenditure of the department had abnormally increased and the income under 'Minor Produce' showed no appreciable rise. Yet the gross revenue rose from Rs. 8,68,716 in 1085 to Rs. 12,73,723 in 1088 and to Rs. 12,92,802 in 1089. The Member seriously suspected that the sudden increase was very probably derived by the reckless denudation of the forests, and in his opinion, the department had no claim to any approbation for the apparent rise of revenue.

The expenditure of the department was about eight lacs of rupees; and the Member had no objection to increased expenditure in the interests of forest conservancy. But what he objected to was that, out of the above expenditure, only a very small portion was actually spent for the proper protection and preservation of the forests. The forests of Mysore, whose area was only slightly more than those of Travancore, yielded an annual income of over 22 lacs of rupees. The expenditure in Mysore was 31 per cent of the total income, while the expenditure in Travancore amounted to 57 per cent of the income. In Cochin too, where the extent of forests was but one-fourth of the forests of Travancore, the income was 7 lacs of rupees per year and the percentage of expenditure was only 52. He therefore urged the Government to look into the condition of the State forests and husband the resources of the same with greater economy and efficiency.

(2) The several industries of the State should be developed and encouraged, and the Government should not attempt to increase its excise revenue to the great detriment of public morality.

(3) The policy of the Government in raising the rate of *tharavila* on Sirkar lands had enabled foreign capitalists to steal a march over the people of the State. That source of revenue was not permanent and the policy must be changed in the interests of the people of the State, lest the Government be driven to the necessity of resorting to additional taxation for meeting the permanent items of expenditure in the State Budget, which would admit of no reduction.

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(4) Measures should be devised to make an equitable distribution of the State burden on all classes of the people alike.

The Member next pointed out that he failed to perceive any rule or principle guiding the Government in the matter of expenditure and that such a policy was highly defective. He therefore stated that, apart from the expenses of the general administration of the State, the following principles should be kept in view by the Government in the matter :—

(i) A definite percentage of the revenue of each taluk should be set apart for its benefit.

(ii) A definite allotment should be made every year for affording irrigational facilities and for the encouragement of special industries.

(iii) The expenditure of each department should bear a reasonable proportion to the good thereby conferred on the public or to the income derived from that department. He considered the expenditure on account of the Forest and the Public Works departments to be quite excessive ; and he said that the exploitation of the forests was perfunctorily done and that the P. W. D. had not increased the public comfort in any way proportionate to the expenditure incurred by the department. In 1072 the expenditure of the P. W. D. was over 16 lacs. There were 2005 miles of metalled roads at the time. Since then, several crores of rupees had been spent by the department and yet the increase in the length of metalled roads was only 500 miles.

He urged that the provision made in the estimates for public works was out of all proportion to the actual requirements, and that only a portion of it was really spent on the works. His statement would be clear from the circumstance that the P. W. contracts were often sub-let in succession and the last man really did the work for a much lower sum than the estimated cost, of course deriving a profit to himself. The over-estimating would thus become clear. The Member thought that it was due to the unfettered discretion vested in the P. W. officers in accepting any tender they liked, not necessarily the lowest tender, and also to the absence of efficient check of the estimates submitted to the Government. He therefore suggested the necessity for the appointment of a professional officer in the Secretariat for properly checking the P. W. expenditure, more especially the estimates. The officer to be appointed should be wholly independent of the P. W. D. and he should not aspire to any promotion in that department. The Member also referred to the system in vogue in the department of entertaining a large staff under the head of "temporary establishment" and charging off a good portion of the cost thereof to "works", and he advocated the abolition of such an arrangement.

The Member next referred to the Education Department and said that, in spite of the abnormal increase of expenditure, the number under instruction showed no commensurate improvement as compared with what it was in 1072. In the matter of Elementary School buildings, he said that buildings constructed at moderate cost, with strong pillars and proper ceiling, ought to suffice, and if a relaxation in that respect was made in the provisions of the Education Code, it would be possible to reduce the number of children now refused admission to such schools for want of accommodation.

Lastly, he said that the Government Museum should be made a self-supporting institution and be placed under the control of a Scientific Officer with a view to enhance its educative value to the public.

Dewan's reply.—Noted.

II.—MAIN HEADS OF REVENUE.

(1) Land Revenue.

3. The necessity of lightening the burden on the Kandukrishi tenants of the State.

Mr. K. C. Madhavan Pillai (Member, Ambalapuzha taluk) said that the holders of *Kandukrishi* lands attached to certain *nelpuras* of the Ambalapuzha

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